

ASSEMBLY BILL

No. 1554

Introduced by Assembly Member Frommer

February 22, 2005

An act to amend Section 657 of the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1554, as introduced, Frommer. Auto insurance: refusals.

Existing law requires that, when any admitted insurer licensed to issue motor vehicle liability policies, or any licensed insurance agent, refuses to accept an application for such a policy or refuses to issue such a policy when a written application has been made, the refusing agent or insurer furnish to the applicant, if requested, a written statement explaining the reasons relied upon for that action. Existing law provides that a violation of this provision is a misdemeanor and is punishable by a fine not exceeding \$1,000 for each violation.

This bill would raise the amount of the fine to \$1,500 for each violation.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 657 of the Insurance Code is amended
- 2 to read:
- 3 657. (a) ~~Where~~ When any admitted insurer, licensed to issue
- 4 motor vehicle liability policies as defined in Section 16450 of the
- 5 Vehicle Code, or any licensed insurance agent refuses to accept
- 6 an application for such a policy or refuses to issue such a policy

1 when a written application has been made, the refusing agent or
2 refusing insurer shall furnish to the applicant for insurance a
3 written statement explaining the reason or reasons relied upon for
4 ~~such that~~ action if within 30 days ~~of such~~ after that refusal the
5 applicant requests in writing, from the agent or insurer who has
6 refused to accept the application or to issue the policy, ~~such a~~
7 written explanation. ~~Such~~ The statement shall be furnished within
8 30 days of receipt of ~~such~~ the request.

9 (b) Any insurer or agent willfully violating any provisions of
10 this section is guilty of a misdemeanor and is punishable by a
11 fine not exceeding one thousand *five hundred* dollars ~~(\$1,000)~~
12 *(\$1,500)* for each violation thereof.

13 (c) There shall be no liability on the part of, and no cause of
14 action of any nature shall arise against, the Insurance
15 Commissioner or against any insurer, its authorized
16 representative, its agents, its employees, or any firm, person or
17 corporation furnishing to the insurer information as to the reasons
18 for such a refusal, for any statement made by any of them in any
19 written notice of reasons for refusing to accept the application or
20 issue the policy or in any other communication, oral or written,
21 specifying the reasons for such action or the providing of the
22 information pertaining thereto, or for statements made or
23 evidence submitted in any hearings conducted in connection
24 therewith.